

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

02-006

2. STATE:

TENNESSEE

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2002

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN☐ AMENDMENT

COMPLETE BLOCKS 8 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447

7. FEDERAL BUDGET IMPACT:

a. FFY 2001/2002 \$ ~~687,600~~ 437,600b. FFY 2002/2003 \$ ~~2,859,300~~ 1,846,800

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D, pages 13a of 13e; 13f of 13f;  
~~13g of 13g and 13h of 13h.~~Delete pages 13g of 13g and 13h of  
13h.9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:

Methods and Standards for Establishing Payment Rates - Nursing Facilities (Behavioral Unit  
Pilot Program).

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Manny Martins

14. TITLE:

Deputy Commissioner

15. DATE SUBMITTED:

June 28, 2002

16. RETURN TO:

Tennessee Department of Finance  
and Administration  
Bureau of TennCare  
729 Church Street  
Nashville, Tennessee 37247-6501

Attn: George Woods

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

7/03/02

18. DATE APPROVED:

7/26/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/02

20. SIGNATURE OF REGIONAL OFFICIAL:

Bryan Smith

21. TYPED NAME:

CHARLENE BROWN

22. TITLE:

Deputy Director, CHSO

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE TENNESSEE  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
NURSING FACILITIES (NF)

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III. Behavioral Unit Enhanced Rate Program

A. Criteria for Medicaid Reimbursement of Behavioral Unit Enhanced Rate Program level of care in a Nursing Facility

1. Eligible facilities shall meet the following criteria:

- (a) Behavioral Unit Enhanced Rate Program facilities shall be located in each of the three grand divisions of the state of Tennessee as defined by the Department of Health's Division of Health Care Facilities.
  - (i) For calendar year 2001, Medicaid patient days in each eligible facility's state approved Alzheimer's Unit shall constitute 75% or more of the total patient days billed for the state approved Alzheimer's Unit.
  - (ii) Eligible facilities shall have a minimum of 50 licensed beds in their Behavioral Unit. Should a grand region have no qualifying facility due to the minimum licensed beds requirement, this provision shall be waived for that region.
  - (iii) Each facility shall have operated a state approved Alzheimer's Unit for the past five years.
  - (iv) No facility shall be eligible for the Behavioral Unit Enhanced Rate Program if its special Alzheimer's unit received a "J" level or higher survey citation since July 1, 1999. (A "J, K or L" level citation is based on federal regulations and indicates Immediate Jeopardy, defined as a situation in which the

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provider's noncompliance with one or more requirements of participation has caused, or is likely to cause, serious injury, harm, impairment, or death to a resident.)

- (v) Eligibility for the Behavioral Unit Enhanced Rate Program shall include only those facilities meeting all stated requirements as of July 1, 2002.
- (vi) Eligible facilities may choose to decline participation in the Behavioral Unit Enhanced Rate Program. Facilities opting to be excluded from the program shall contact the Commissioner of the Department of Health, in writing, no later than thirty days after notification of eligibility.

B. Reimbursement

In view of the higher costs associated with providing services for behavioral patients, facilities participating in the Behavioral Unit Enhanced Rate Program shall be eligible for an enhanced Medicaid payment. Behavioral Unit Enhanced Rate Program facilities shall be reimbursed for Medicaid patient days at an interim per diem rate, which will be established at the prevailing Medicaid Level II ceiling rate for the first year of operation, which begins July 1, 2002. For the second year and each year thereafter, the interim per diem will be adjusted based on the actual cost per diem of the previous year subject to the Medicaid Level II ceiling rate. At the end of each year, the per diem will be cost settled subject to the Medicaid Level II ceiling rate.

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